

TRANSMITTAL LETTER FOR MANUAL RELEASES

STATE OF MARYLAND
DEPARTMENT OF HEALTH AND MENTAL HYGIENE
BENEFICIARY SERVICES ADMINISTRATION
DIVISION OF ELIGIBILITY SERVICES
201 WEST PRESTON STREET
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MANUAL: Medical Assistance

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APPLICABILITY: Long-Term Care Eligibility—post-eligibility deduction of noncovered medical or remedial services from recipients' available income for the cost of care; revised utility standards for calculating the community spouse's excess shelter allowance

<u>Item</u>	<u>Remove Pages</u>	<u>Insert Pages</u>
<u>Chapter 10 – Eligibility for Institutionalized Persons</u>		
(deduction for noncovered medical or remedial services)	1000-35 – 1000-36	1000-35 – 1000-36
<u>Appendix</u>		
(spousal impoverishment standards)	Schedule MA-8	Schedule MA-8

COMMENTS

Deduction of Noncovered Medical or Remedial Services from the Recipient's Available Income for the Cost of Care

Policy is changed related to the post-eligibility deduction of noncovered medical or remedial services from institutionalized recipients' available income for the cost of care. This change is made in accordance with federal requirements and a Medicaid State Plan amendment that took effect for applications filed on or after April 1, 2004.

This deduction is part of the Medicaid post-eligibility calculation for institutionalized or recipients who pay towards the cost of their long-term care services. Previously, these deductions were limited to bills incurred when the recipient was enrolled in Medicaid and received medical or remedial services not covered under the Medicaid State Plan (e.g., hearing aids, eyeglasses, dentures, dental services). With this policy change, unpaid bills may now be deducted for services received when the recipient was not Medicaid eligible and may include Medicaid covered services (e.g., nursing facility, pharmacy). The Medicaid State Plan amendment limits the dates of service for the unpaid bills to the three-month retroactive period associated with the effective date of Medicaid eligibility.

Unpaid bills for medical or remedial services received during an ineligible month in the recipient's retroactive period may now be deducted from the recipient's available income for the cost of care if:

- The unpaid bills:
 - remain the recipient's obligation to pay (as verified by the provider's current bill to the recipient), and
 - are not covered by a third party (e.g., Medicare, health insurance, long-term care insurance, disability insurance); and
- These services are not covered by Medicaid because the recipient was not Medicaid-eligible for the service date(s) (e.g., was still resource over-scale).
- Deductions may not be made for Medicaid services received when the individual was Medicaid-eligible, but for which Medicaid denied payment (e.g., because the services were not medically necessary).
- For unpaid bills for medical or remedial services received during the retroactive period, the provider's charge is deducted from the recipient's available income for the cost of care. Any extraneous charges must be deleted from the provider's charge such as for the beauty parlor, TV rental, or personal items.
- For bills for medical or remedial services not covered under the State Plan that are received when the recipient is Medicaid-eligible, the provider's charge or the Medicaid fee in effect for the service is deducted, whichever amount is less. If a Medicaid fee is not established for the service, the provider's reasonable and actual charge is deducted.
- If the recipient was under a penalty period on the service date(s), the total monthly deduction for medical or remedial services is for the amount of the allowable fees exceeding \$4,300.
- Unpaid bills for service dates before the recipient's three-month retroactive period may not be deducted from the recipient's available income for the cost of care.
- The total amount of deductions for the post-eligibility calculation, including the deduction for medical or remedial services, may not exceed the recipient's total countable income for the month. If the total deductions exceed the recipient's monthly countable income, the excess portion of only the deduction for medical or remedial services may be carried into the ongoing month(s). The eligibility case worker should set an alert to recalculate the recipient's available income when the deduction for medical or remedial services is scheduled to end.
- To determine the allowable deduction for noncovered services, the eligibility case worker sends a copy of the provider's detailed current bill to:

DHMH Beneficiary Services Administration
Attn: Noncovered Services
201 West Preston Street, Rm. L-9
Baltimore, MD 21201

Food Stamps Utility Standards for Community Spouse's Excess Shelter Allowance

Schedule MA-8 is updated with new utility standards that took effect on January 1, 2005. These standards are established for the Food Stamps Program effective January 1 of each year. The community spouse's actual utility expenses must not be used for calculating the community spouse's excess shelter allowance. The Standard Utility Allowance (SUA) is used when the community spouse pays for heat separately from housing. The Limited Utility Allowance (LUA) is used when heat is included in the community spouse's rent.

However, we have found that the CARES "SHEL" screen, used to enter the applicant's/recipient's (A/R's) or community spouse's shelter expenses, is not programmed to include the SUA or LUA in the calculation of the community spouse's excess shelter allowance. Therefore, until CARES programming is corrected, the eligibility case worker must complete the SHEL screen for the community spouse's utility expenses as follows:

- Select "Actual Expenses Claimed" as the Utility Method.
- Under Actual Expenses, enter the Food Stamps SUA or LUA amount, if appropriate, on one of the lines, not the community spouse's actual utility expenses.

Calculation of the spousal maintenance allowance is addressed on pages 1000-27 – 1000-30 of the Manual. The utility standards that are included in calculation of the excess shelter allowance are mentioned on pages 1000-28 – 1000-29. Sample cases are given in Examples 11 – 13 on pages 1000-75 – 1000-82. Use of the utility standards from Schedule MA-8 is specified for Example 13 on page 1000-80.

For calculation of the A/R's residential maintenance allowance, however, the A/R's actual utility expenses must be entered on the "SHEL" screen, not the Food Stamps SUA or LUA utility standard. The A/R's residential maintenance allowance is discussed on pages 1000-22 – 1000-27 of the Manual.

devices. Refer to Pages 900-31 and 900-32 in Appendix II of Chapter 9 for a more complete list of items and services not covered by the Medicaid State Plan. These expenses are usually documented by a bill or a paid receipt.

A person may be in need of an item such as dentures or eyeglasses, but unable to obtain it without a guarantee of payment to the provider. A written and signed contract with the provider that obligates the person for payment in lump-sum or installments is acceptable documentation to allow the deduction from the recipient's available income.

For Medicaid applications filed as of April 1, 2004 or later, a deduction from available income for cost of care may also be made for medical or remedial services covered by Medicaid (e.g., nursing facility, pharmacy) but not covered for the recipient because the **recipient was not Medicaid eligible as of the service date**. The recipient's incurred expenses may only be deducted if the services were **received during the three-month retroactive period** associated with the effective date of Medicaid eligibility, and the recipient is not Medicaid eligible for that retroactive month. The bill must still be unpaid and remain the recipient's obligation to pay, as verified by a current detailed bill from the provider. Unpaid bills for medical or remedial services **received before the three-month retroactive period** may not be deducted from the recipient's available income for the cost of care.

If the recipient was under a penalty period on the service date(s), the total monthly deduction for medical or remedial services is for the amount of the allowable fees exceeding \$4,300. For example, if the Medicaid fee for the recipient's nursing facility services is \$5,300 for a month that the recipient was under penalty for disposal of assets, \$1,000 may be deducted from the recipient's available income for the cost of care.

For services received during ineligible months in the retroactive period, the provider's charge is deducted. For noncovered services received when the recipient is MA eligible, the lesser of the provider's charge or the Medicaid fee is deducted. If a Medicaid fee is not established, the provider's charge is deducted. The deduction, when added to all other deductions, may not exceed the recipient's total countable income for the month.

To determine the allowable deduction, the eligibility case worker sends a self-addressed envelope and a copy of the detailed current bill, receipt, or contract to:

DHMH Beneficiary Services Administration
201 West Preston Street, Rm. L-9, Attn: Noncovered Services
Baltimore, MD 21201

The bill, receipt, or contract must contain a complete description of the item or service. It will be reviewed and will be returned with the allowable amount noted.

- These deductible expenses cannot be covered by Medicaid, Medicare, any other health insurance, or 3rd party payment (e.g., long-term care insurance, disability insurance).
 - This allowance may not be given to reimburse a relative or someone else who has already paid the bill.
 - A deduction is not made for medical or remedial services received before the 3-month retroactive period.
 - Since the deduction is only made for medical or remedial services, any extraneous charges must be deleted such as for the beauty parlor, TV rental, or personal items.
 - The deduction may not include services covered by Medicaid that were received when the recipient was Medicaid-eligible, but for which the Program denied payment because the services were not medically necessary, were not authorized, were not provided by an enrolled and qualified provider, or were billed after the 9-month billing limitation.
 - This deduction is allowed effective the month in which the expense was incurred. However, for expenses incurred in the retroactive period, the deduction is allowed effective the month of eligibility.
 - If there is a contract for regular payments for an item or service, the monthly obligation is allowed for the period specified in the contract.
 - If the amount of the medical expense in addition to other allowable deductions exceeds the recipient's total countable income for the month, the excess portion of the deduction for the medical expenses may be carried forward to the ongoing month or months and, if necessary, may be carried forward into a subsequent 6-month period under consideration.
- The eligibility case worker should set a "745" alert in CARES to recalculate the recipient's available income as of the month that the deduction is scheduled to end.**

There are no deductions from total income except those listed above. If total deductions for a month are greater than or equal to the recipient's total countable monthly income, the person's available income is \$0. With the exception of medical care or remedial services, as specified above, deductions in excess of total countable income are not carried

Schedule MA-8

Spousal Impoverishment Standards

	Resources	Effective
Maximum Spousal Share	\$95,100	1/1/05
Minimum Spousal Share	\$19,020	1/1/05

	Income	Effective
Basic Maintenance and Shelter Allowance	\$1,604	7/1/05
Excess Shelter Standard	\$ 481	7/1/05
Maximum Maintenance and Shelter Allowance (sum of Basic Maintenance and Shelter Allowance and Excess Shelter Allowance)	\$2,378	1/1/05
Utility Standards: (used to compute the community spouse's excess shelter allowance)		
Heat included in rent (LUA) (Food Stamps limited utility allowance)	\$ 166	1/1/05
Heat paid separately from housing (SUA) (Food Stamps standard utility allowance)	\$ 275	1/1/05